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John J. Finnigan, Jr.
Senior Counsel

RECEIVED**FEB 16 2006****PUBLIC SERVICE
COMMISSION****VIA OVERNIGHT MAIL**

February 15, 2006

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Joint Application of Duke Energy Corporation, Duke Energy Holding Corp.,
Deer Acquisition Corp., Cougar Acquisition Corp., Cinergy Corp., The
Cincinnati Gas & Electric Company and The Union Light, Heat and Power
Company for Approval of a Transfer and Acquisition of Control,
Case No. 2005-00228

Dear Ms. O'Donnell:

The Commission's November 29, 2005 Order in the above-referenced case requires the Joint Applicants to file copies of merger approval orders from the FERC, the Nuclear Regulatory Commission, the Federal Communications Commission, and all state regulatory commissions to the extent that these documents have not already been filed.

Accordingly, I have enclosed a copy of the Nuclear Regulatory Commission's Order of February 7, 2006, approving the application regarding proposed corporate restructuring and approving conforming amendments.

Please date stamp and return the enclosed, extra copy of this letter in the envelope provided.

If you have questions or comments, please feel free to contact me at (513) 287-3601. Thank you.

Sincerely,



John J. Finnigan, Jr.
Senior Counsel

JJF/sew

cc: All Parties of Record (with enclosures)

179800



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
WASHINGTON, D.C. 20555-0001

February 7, 2006

Mr. Henry B. Barron
Group Vice President, Nuclear Generation
and Chief Nuclear Office
Duke Energy Corporation
P. O. Box 1006 – EC07H
Charlotte, NC 28201-1006

**SUBJECT: ORDER APPROVING APPLICATION REGARDING PROPOSED CORPORATE
RESTRUCTURING AND CONFORMING AMENDMENTS FOR CATAWBA
NUCLEAR STATION, UNITS 1 AND 2; MCGUIRE NUCLEAR STATION, UNITS
1 AND 2; AND OCONEE NUCLEAR STATION, UNITS 1, 2, AND 3; AND
OCONEE INDEPENDENT SPENT FUEL STORAGE INSTALLATION
(TAC NOS. MC8182, MC8183, MC8184, MC8185, MC8186, MC8187 AND
MC8188)**

Dear Mr. Barron:

The Nuclear Regulatory Commission (NRC) staff has completed its review of the application dated August 5, 2005, as supplemented by letters dated November 28 and December 14, 2005, and February 6, 2006, requesting approval of the indirect transfer of the Renewed Facility Operating Licenses for Catawba Nuclear Station, Units 1 and 2, McGuire Nuclear Station, Units 1 and 2, and Oconee Nuclear Station, Units 1, 2, and 3, and the Materials License for Oconee Independent Spent Fuel Storage Installation from Duke Energy Corporation to a new holding company, to be named Duke Energy Corporation, in connection with a proposed corporate restructuring and merger involving Cinergy Corporation. The enclosed Order approves the proposed indirect license transfers pursuant to Sections 50.80 and 72.50 of Title 10 of the *Code of Federal Regulations* (10 CFR), subject to the conditions described therein. The Order also approves conforming license amendments, pursuant to 10 CFR 50.90 and 72.56, to reflect the change in the name of the licensee from Duke Energy Corporation to Duke Power Company LLC. The amendments will be issued and made effective at the time the corporate restructuring is completed.

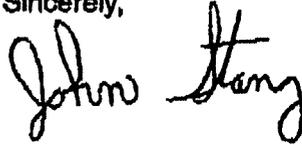
Enclosure 10 contains the NRC staff's safety evaluation (SE) related to the preceding actions. The SE will be placed in the NRC public document room and added to the Agencywide Documents Access and Management System's Publicly Available Records System Library.

H. Barron

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The Order has been forwarded to the Office of the Federal Register for publication and the Notice of Issuance will be included in the Commission's next biweekly *Federal Register* notice following issuance of the amendments.

Sincerely,



John Stang, Senior Project Manager
Plant Licensing Branch II-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-413, 50-414, 50-369, 50-370,
50-269, 50-270, 50-287 and 72-004

- Enclosures:
1. Order
 2. Conforming Amendment to NPF-35
 3. Conforming Amendment to NPF-52
 4. Conforming Amendment to NPF-9
 5. Conforming Amendment to NPF-17
 6. Conforming Amendment to DPR-38
 7. Conforming Amendment to DPR-47
 8. Conforming Amendment to DPR-55
 9. Conforming Amendment to SNM-2503
 10. Safety Evaluation

cc w/encs: See next page

7590-01

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
DUKE ENERGY CORPORATION)	
)	
(Catawba Nuclear Station, Units 1 and 2)	)	Docket No. 50-413
	)	Docket No. 50-414
)	
	)	Renewed License No. NPF-35
	)	Renewed License No. NPF-52
)	
(McGuire Nuclear Station, Units 1 and 2)	)	Docket No. 50-369
	)	Docket No. 50-370
)	
	)	Renewed License No. NPF-9
	)	Renewed License No. NPF-17
)	
(Oconee Nuclear Station, Units 1, 2, and 3)	)	Docket No. 50-269
and Oconee Independent Spent	)	Docket No. 50-270
Fuel Storage Installation)	)	Docket No. 50-287
	)	Docket No. 72-004
)	
	)	Renewed License No. DPR-38
	)	Renewed License No. DPR-47
	)	Renewed License No. DPR-55
	)	License No. SNM-2503

**ORDER APPROVING APPLICATION REGARDING PROPOSED CORPORATE
RESTRUCTURING AND APPROVING CONFORMING AMENDMENTS**

I.

Duke Energy Corporation (Duke Energy), the North Carolina Electric Membership Corporation, and the Saluda River Electric Cooperative, Inc., are the holders of Renewed Facility Operating License No. NPF-35, which authorizes the possession, use, and operation of the Catawba Nuclear Station, Unit 1. Duke Energy, the North Carolina Municipal Power Agency No. 1, and the Piedmont Municipal Power Agency are the holders of Renewed Facility Operating License No. NPF-52, which authorizes the possession, use, and operation of the

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Catawba Nuclear Station, Unit 2. The Catawba Nuclear Station, Units 1 and 2, is located in York County, South Carolina.

Duke Energy is the holder of Renewed Facility Operating Licenses Nos. NPF-9 and NPF-17, which authorizes the possession, use, and operation of the McGuire Nuclear Station, Units 1 and 2. The McGuire Nuclear Station is located in Mecklenburg County, North Carolina.

Duke Energy is the holder of Renewed Facility Operating Licenses Nos. DPR-38, DPR-47, and DPR-55, which authorize the possession, use, and operation of the Oconee Nuclear Station, Units 1, 2, and 3, and Materials License No. SNM-2503, which authorizes operation of the Oconee Independent Spent Fuel Storage Installation (ISFSI). The Oconee Nuclear Station and the ISFSI are located in Oconee County, South Carolina.

II.

By application dated August 5, 2005, as supplemented by letters dated November 28 and December 14, 2005, and February 6, 2006, Duke Energy requested, pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR), Part 50, Section 50.80 (10 CFR 50.80), consent to the indirect license transfers that would be effected by the indirect transfer of control of Duke Energy's ownership and/or operating interests in Catawba Nuclear Station, Units 1 and 2, McGuire Nuclear Station, Units 1 and 2, and Oconee Nuclear Station, Units 1, 2, and 3 (the Duke nuclear units) and the Oconee ISFSI. This action is being sought as a result of a corporate restructuring involving the creation of a new holding company which will become the parent of Duke Energy. The new holding company, to be named Duke Energy Corporation (referred to herein as New Duke Energy, to distinguish it from the licensee, Duke Energy), will be created in connection with the merger of Duke Energy with Cinergy Corporation (Cinergy).

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Duke Energy will convert its corporate form to a limited liability company (LLC) without interruption of its legal existence and be renamed Duke Power Company LLC (Duke Power). The holders of the Catawba Nuclear Station Renewed Facility Operating Licenses other than Duke Energy are not involved in this action.

Approval of the indirect transfer of the Renewed Facility Operating Licenses and the Oconee ISFSI License was requested by Duke Energy pursuant to 10 CFR 50.80 and 10 CFR 72.50, respectively. Approval of conforming license amendments was requested pursuant to 10 CFR 50.90 and 72.56. Three notices entitled, "Notice of Consideration of Approval of Application Regarding Proposed Corporate Restructuring and Conforming Amendments, and Opportunity for a Hearing," were published in the *Federal Register* on December 30, 2005 (70 FR 77430 (Catawba), 70 FR 77429 (McGuire), and 70 FR 77428 (Oconee)). No comments or hearing requests were received.

Under 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. In addition, pursuant to 10 CFR 72.50, no license shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission gives its consent in writing. Upon review of the information in the application by Duke Energy and other information before the Commission, the Nuclear Regulatory Commission (NRC) staff has determined that the subject corporate restructuring will not affect the qualifications of Duke Energy, converted to Duke Power, to hold the licenses to the same extent now held by Duke Energy, and that the indirect transfer of the licenses effected by the restructuring is otherwise consistent with the applicable provisions of laws, regulations, and orders issued by the NRC, pursuant thereto. The NRC staff has further found that the applications for the proposed license

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amendments comply with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I; the facilities will operate in conformity with the applications, the provisions of the Act and the rules and regulations of the Commission; there is reasonable assurance that the activities authorized by the proposed license amendments can be conducted without endangering the health and safety of the public and that such activities will be conducted in compliance with the Commission's regulations; the issuance of the proposed license amendments will not be inimical to the common defense and security or to the health and safety of the public; and the issuance of the proposed amendments will be in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

The findings set forth above are supported by a safety evaluation dated February 7, 2006.

III.

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Atomic Energy Act of 1954, as amended (the Act), 42 USC §§ 2201(b), 2201(l), 2201(o), and 2234; and 10 CFR 50.80 and 10 CFR 72.50, IT IS HEREBY ORDERED that the application regarding the proposed corporate restructuring and indirect license transfers is approved, subject to the following condition:

Duke Power shall provide the Director of the Office of Nuclear Reactor Regulation a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from Duke Power to its parent, or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a

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depreciated book value exceeding ten percent (10%) of Duke Power's net utility plant, as recorded on its books of account.

IT IS FURTHER ORDERED that consistent with 10 CFR 2.1315(b), license amendments that make changes, as indicated in Enclosures 2 through 9 to the cover letter forwarding this Order, to reflect the subject restructuring action are approved. The amendments shall be issued and made effective at the time the proposed restructuring action is completed.

IT IS FURTHER ORDERED that after receipt of all required regulatory approvals of the proposed corporate restructuring and/or merger between Duke Energy and Cinergy Corporation, Duke Energy shall inform the Director of the Office of Nuclear Reactor Regulation in writing of such receipt within 5 business days and of the date of the closing of the restructuring no later than 2 business days prior to the date of closing. Should the proposed restructuring not be completed by February 1, 2007, this Order shall become null and void, provided, however, upon written application and good cause shown, such date may be extended by order.

This Order is effective upon issuance.

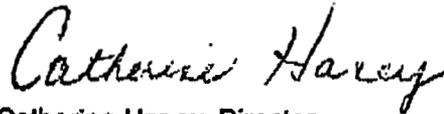
For further details with respect to this Order, see the initial application dated August 5, 2005, as supplemented by letters dated November 28 and December 14, 2005, and February 6, 2006, and the safety evaluation dated February 7, 2006, which are available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Area 01 F21, 11555 Rockville Pike (first floor), Rockville, Maryland, and accessible electronically from the Agencywide Documents Access and Management System (ADAMS) Public Electronic Reading Room on the Internet at the NRC Web site, <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who

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encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR Reference staff by telephone at 1-800-397-4209, 301-415-4737, or by e-mail to pdr@nrc.gov.

Dated at Rockville, Maryland, this 7th day of February 2006.

FOR THE NUCLEAR REGULATORY COMMISSION



Catherine Haney, Director
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation



E. William Brach, Director
Spent Fuel Project Office
Office of Nuclear Material Safety
and Safeguards